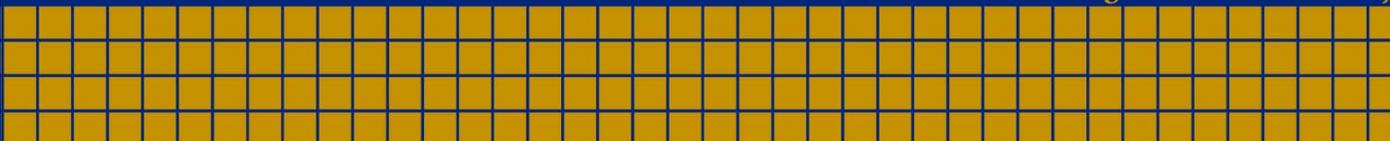


Improving the Nation's Economic Statistics: What's Planned and What's Needed?

J. Steven Landefeld
Director

*NABE Session at ASSA Conference
January 7, 2006*

Measuring the Nation's Economy.



What's Planned and What's Needed?

- Updating the accounts for changes in the economy
 - Changes in accounting for profits and compensation
 - New domestic and international markets and new products
 - New means of distribution and communication
 - R&D and intangibles
- Filling existing and newly emerging gaps in the data
 - Services – nominal information
 - Services – prices
 - Quality-adjusted prices
- Providing more timely, more detailed, more relevant, and more easily accessible data
- Developing better integrated and consistent economic statistics
- Importance of NABE and other users in determining what's planned and what's needed



Recent Accomplishments

Improvement in Measurement and the Solow Productivity Paradox

"You can see the computer age everywhere but in the productivity statistics."

--Robert Solow, New York Review of Books, July 12, 1987

Real Value Added Average Annual Rate of Change 1995–2000

Percent change:

Gross domestic product	4.1
ICT-producing industries	22.1
Computer and electronic products	37.4
Publishing industries (includes software)	10.5
Information and data processing services	4.1
Computer systems design and related services	15.9

Percentage points:

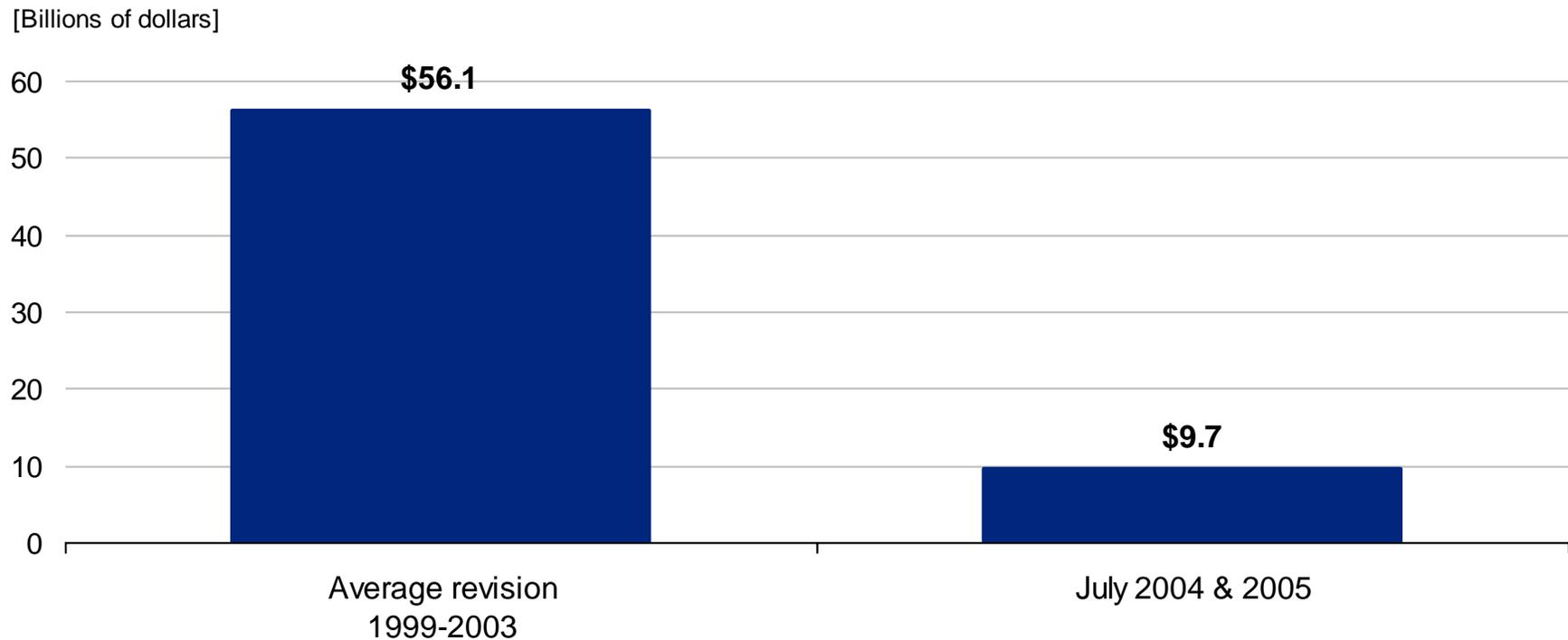
Addenda

Contribution to percent change in real GDP by ICT-producing industries	0.85
--	------

Source: Bureau of Economic Analysis, *Survey of Current Business*, Jan. 2005, p. 10.

Recent Accomplishments

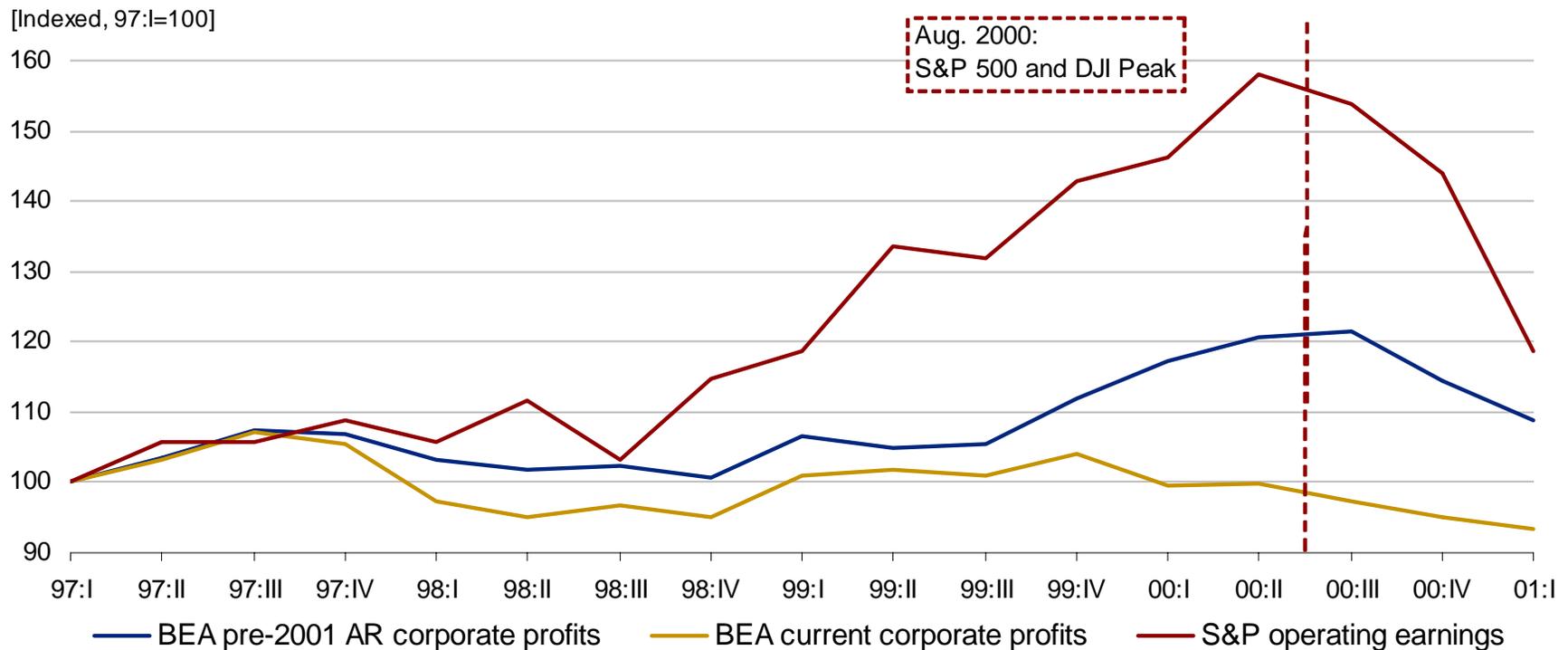
New Measurement Methodologies Have Reduced the Size of Wage Revisions



Source: *Source: BEA, SCB, May 2002, p. 37; Aug. 2002, p. 16; Feb. 2004, p. 15; Aug. 2004, p. 15; and Aug. 2005, p. 34.*

Areas that Require Updating

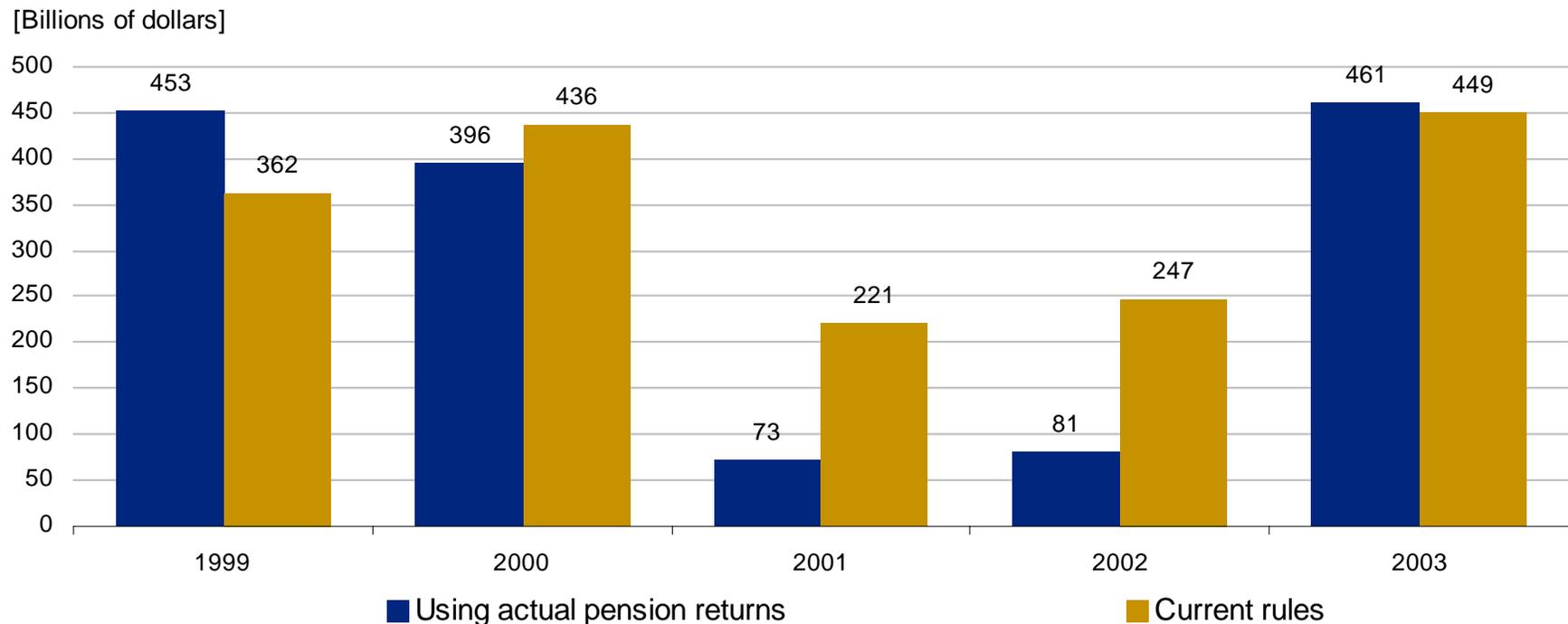
BEA's Corporate Profits Provide Investors a More Accurate Picture of Profitability



Source: BEA historical releases and Standard & Poor's earnings data.

Areas that Require Updating

S&P 500 Aggregate Earnings Using Alternative Pension Accounting

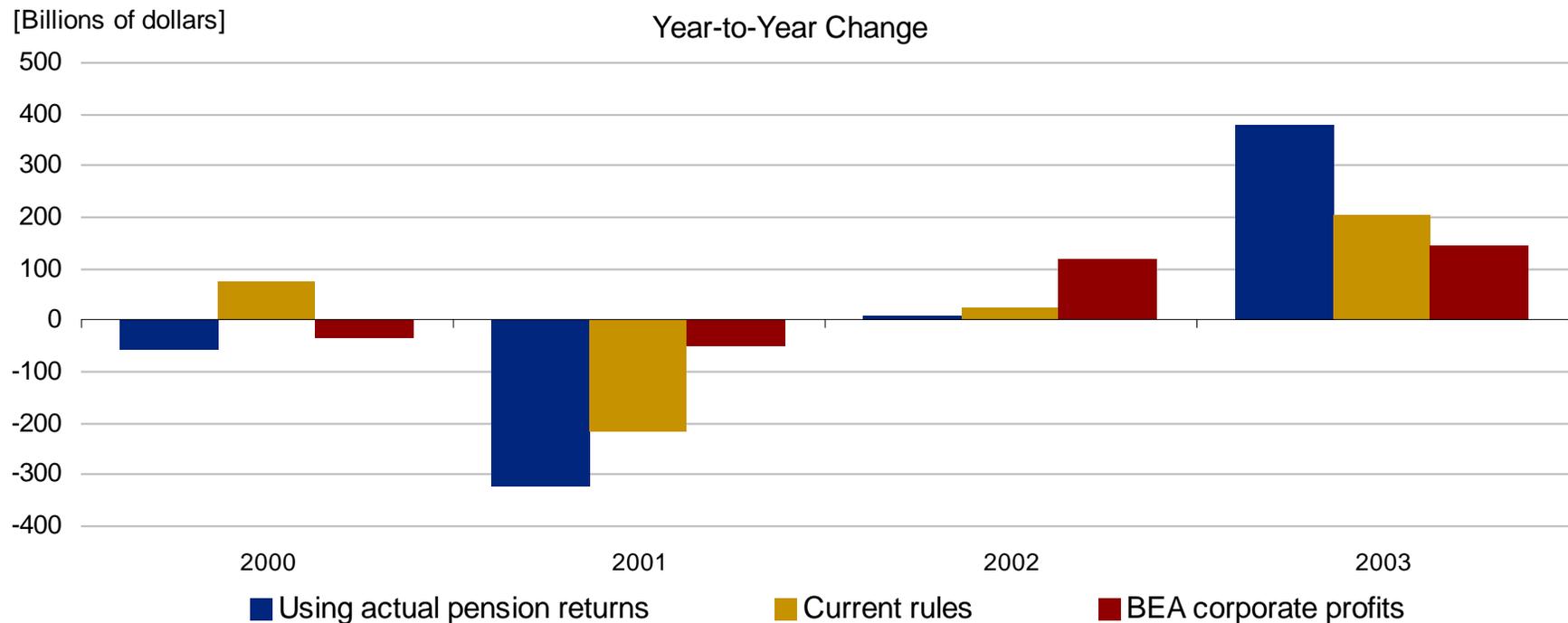


Source: Credit Suisse First Boston. Based on companies with pension funds only.



Areas that Require Updating

Best Pension Indicator?



Source: BEA and Credit Suisse First Boston. Pension data based on companies with pension funds only.

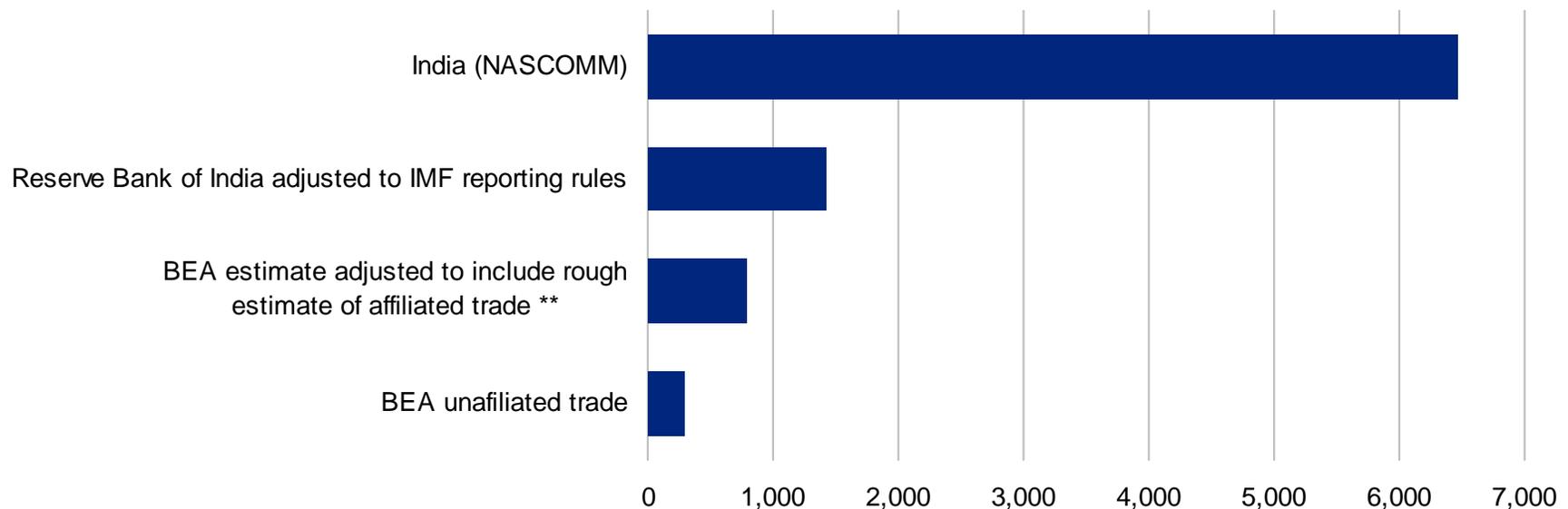


Areas that Require Updating

U.S. and Indian Data on Trade in BPT Services

Business, Professional, and Technical Services, 2002

[Millions of U.S. dollars]



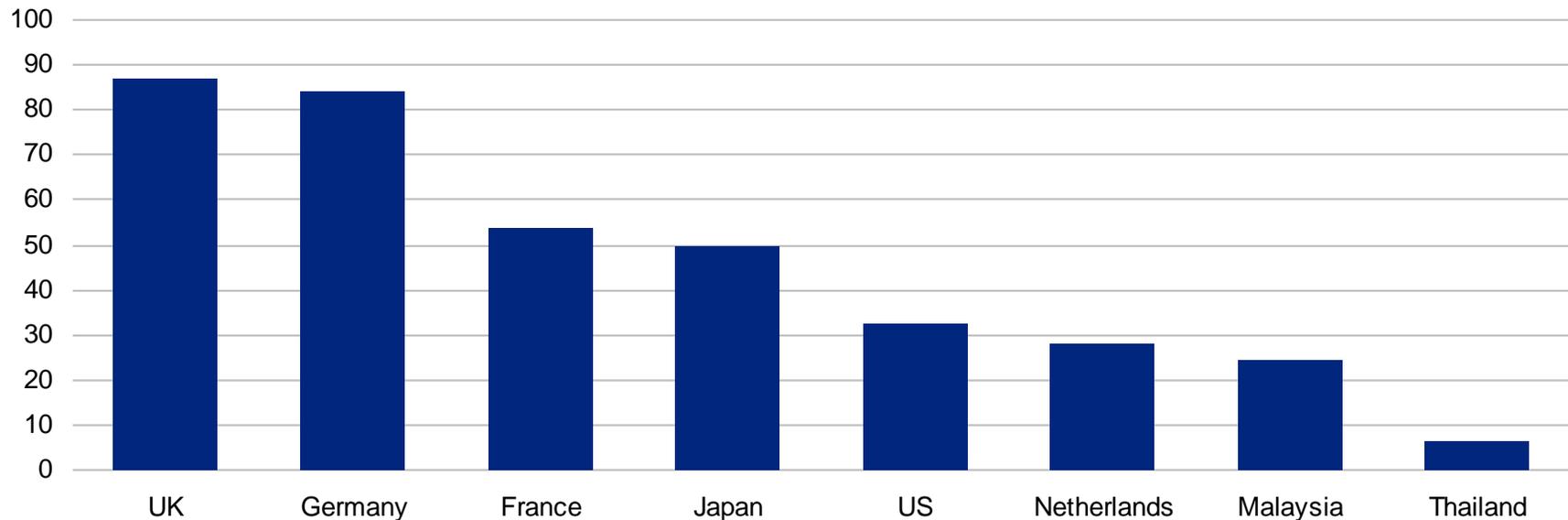
Source: BEA, NASCOMM, Reserve Bank of India (RBI), and BEA estimates based on RBI data.

Areas that Require Updating

China Statistics Comparison

FDI Flows to China, 2000-2002 Total Flows

[Percent of figures reported by China]



Source: UN, World Investment Report 2005.

Filling Data Gaps

Services Output – New Quarterly Survey from Census

	<u>2003</u>	<u>2004</u>
Services in the economy		
Services as a percent of GDP	58	58
Services bought by consumers as a percent of GDP	42	41
Value added of private services-producing industries as a percent of GDP *	68	68
	Percent of	
	PCE services	
Survey coverage		
Current SAS	45	
Long-term SAS expansion goal **	96	
QSS 2004	8	
QSS 2005 (includes additions in QSS 2004)	19	
QSS expansion to current SAS coverage	45	
QSS expansion to long-term SAS expansion goal	96	

Note: QSS 2004 includes data on software that provides expanded coverage of both private fixed investment and government investment by 5%. PCE services covered by Census Bureau data include industries covered by the Economic Census, the Census of Governments, and the Decennial Census of Population and Housing.

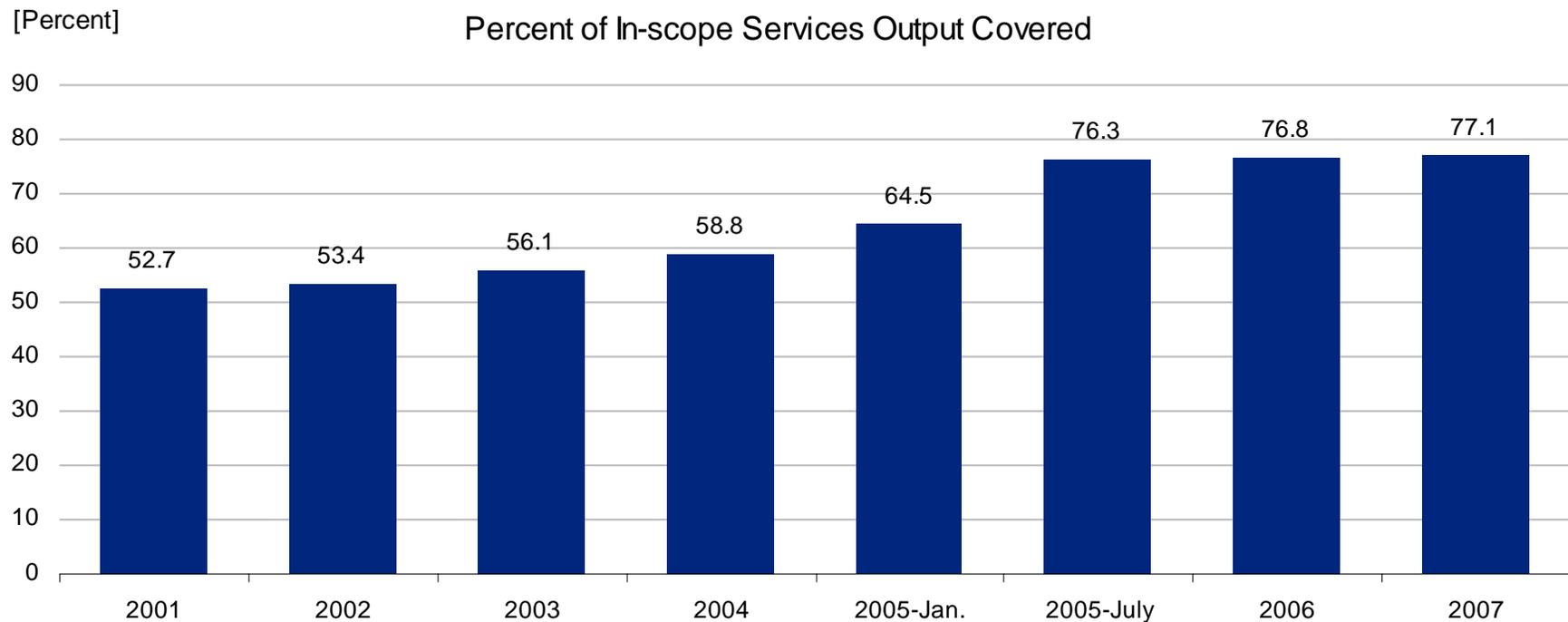
** Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government. Improvements to value added coverage from expanded SAS result from both improvements to gross output and intermediate input coverage.*

*** Goal is to bring SAS annual coverage equal to that of the Quinquennial Economic Censuses.*



Filling Data Gaps

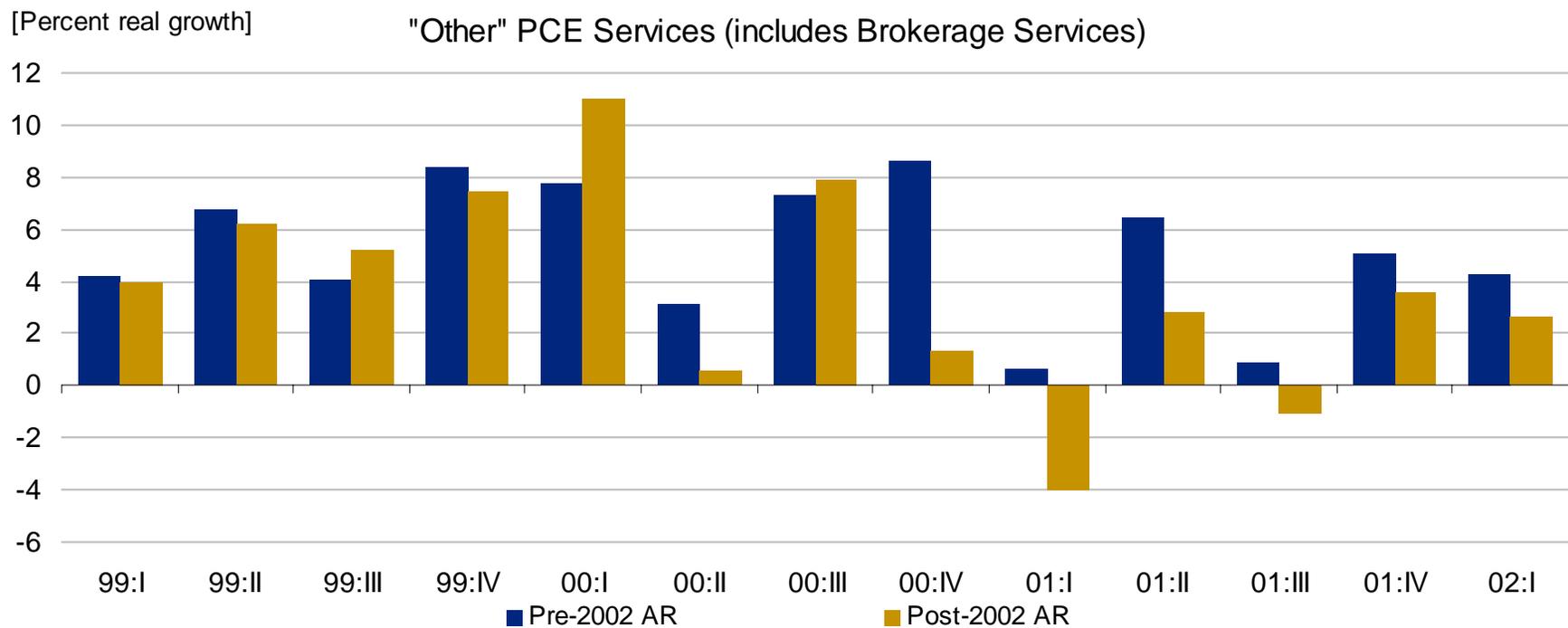
Services Prices – Producer Price Index



Source: Bureau of Labor Statistics presentation given by Michael W. Horrigan on Dec. 9, 2005 during the Federal Economic Statistics Advisory Committee (FESAC) meeting.

Filling Data Gaps

How Real-time Data Can Help – The Example of Monthly Brokerage Services Data



Source: BEA historical releases.



More Timely, More Detailed, More Relevant, and More Accessible Data

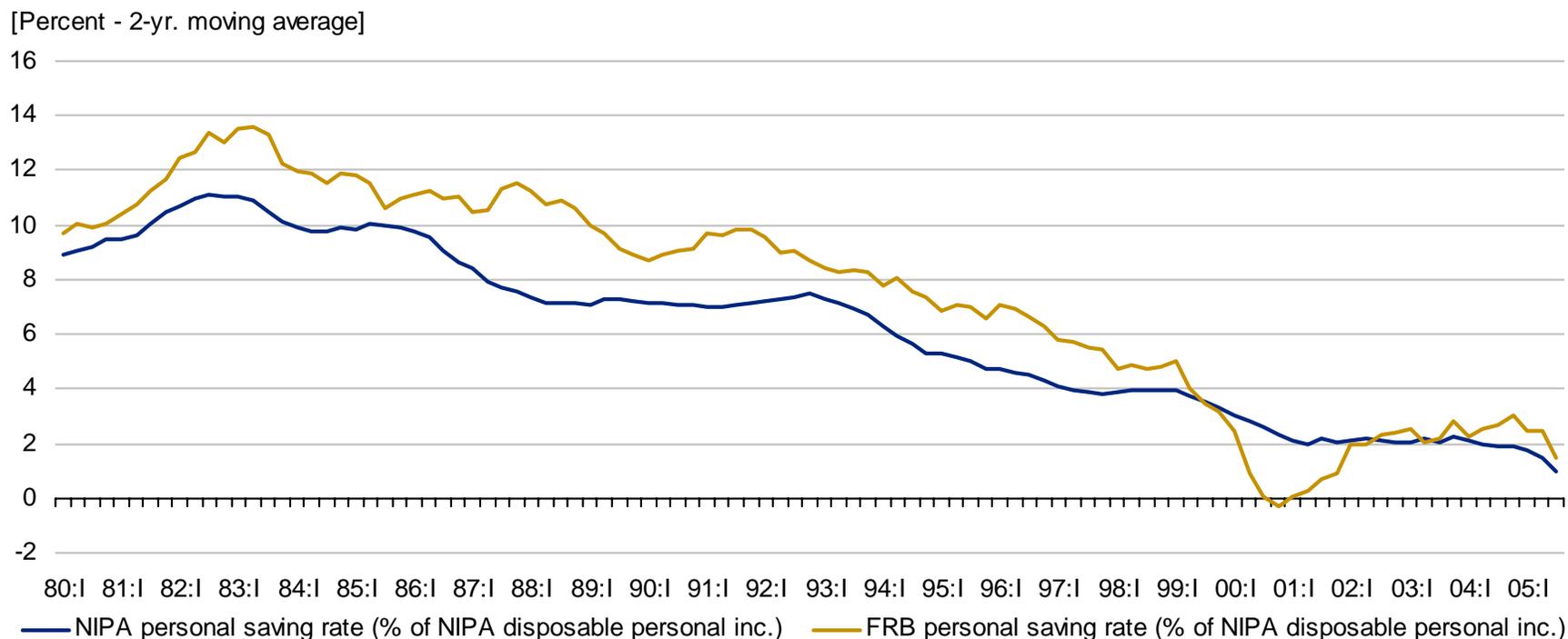
Accelerations of Data

Data release	Acceleration		Timing
	From	To	
Annual I-O	3 years	1 year	Completed 2004
Quarterly state personal income	4 months	3 months	Completed 2004
Summary operations of multinational companies	20 months	16 months	Completed 2004
GSP industry detail	18 months	10 months	Completed 2005
Gross state product (GSP)	18 months	6 months	2006
Metro-area personal income	16 months	9 months	2006

Note: The prototype GSP accounts were successfully accelerated to six months in 2005.

Better Integrated Data

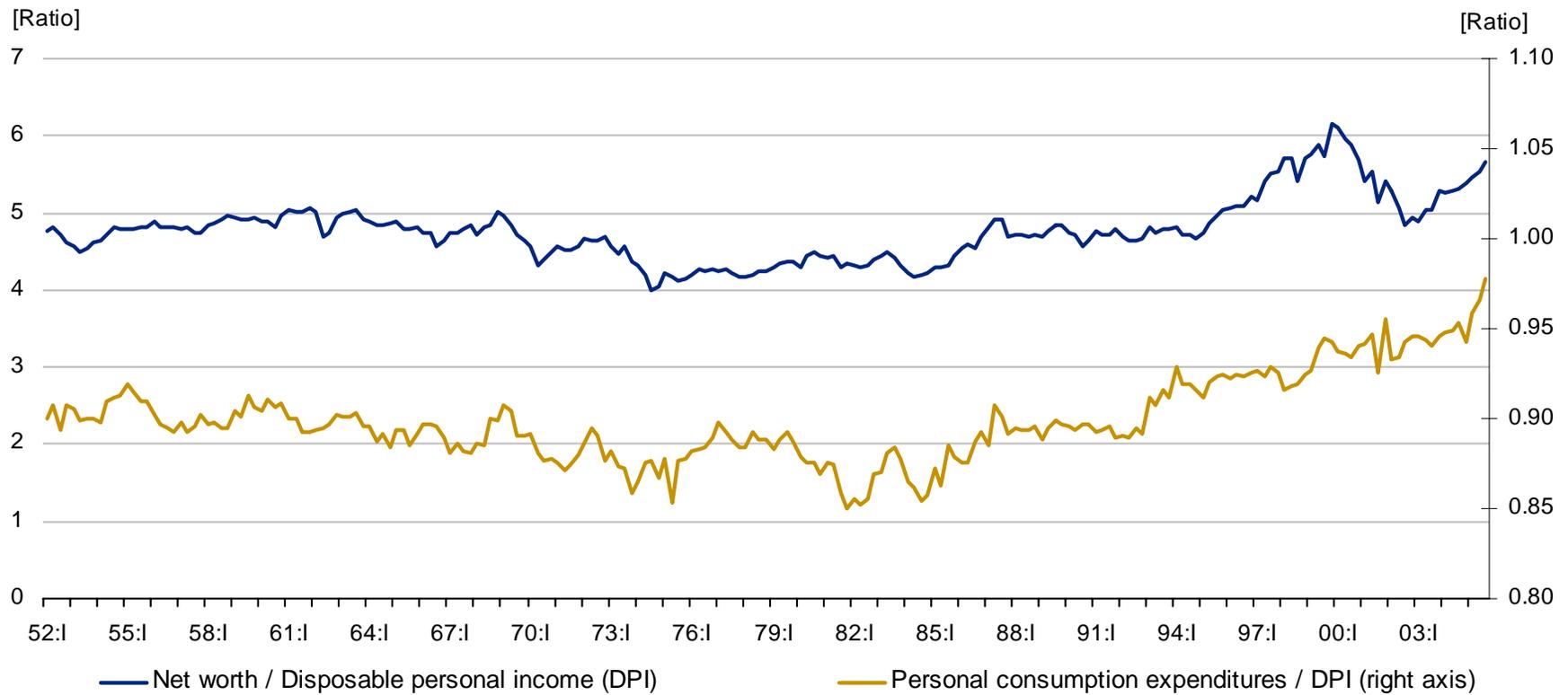
Personal Saving



Source: BEA and Federal Reserve Board flow of funds accounts (Dec. 9, 2005 release).

Better Integrated Data

Wealth Effect



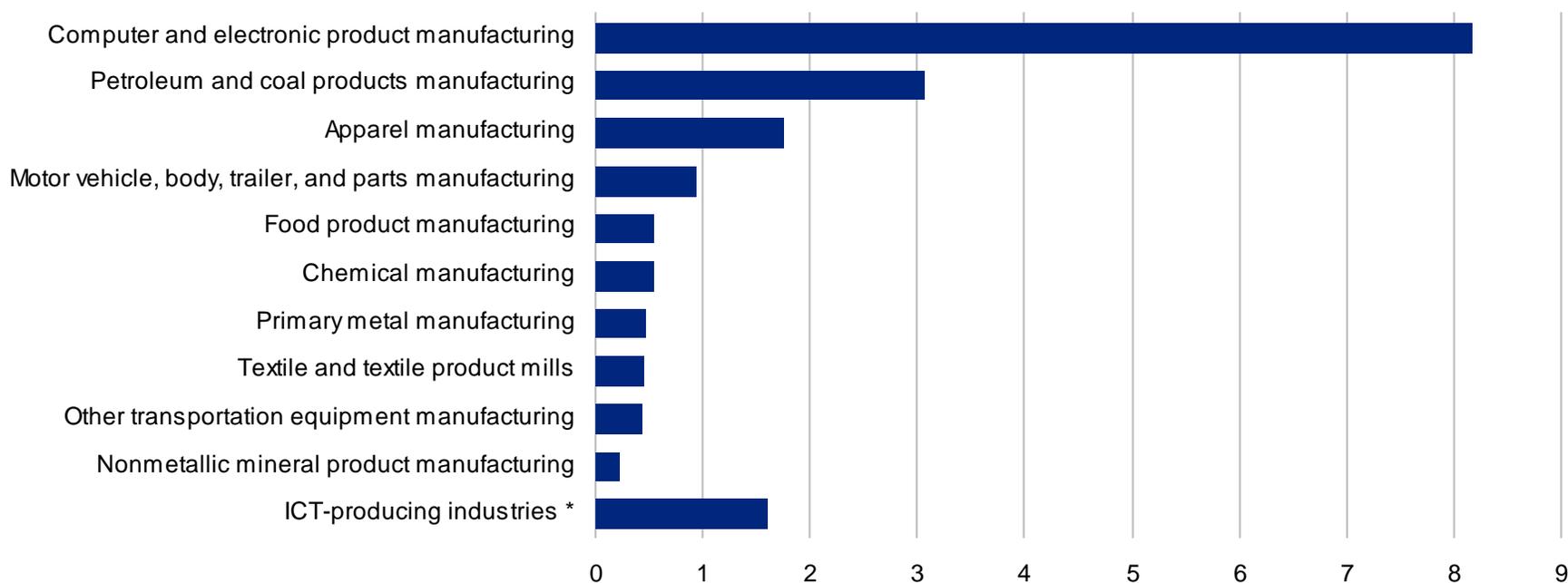
Source: BEA and Federal Reserve Board flow of funds accounts (Dec. 9, 2005 release).

Better Integrated Data

Potential Impact of Data Sharing: Value Added Growth

[Percentage point]

Published vs. Census-based Real GDP (Absolute Difference), 2002



Source: BEA estimate. BEA's double-deflation methodology for preparing real value added for the industry accounts was simulated to incorporate different nominal value added levels and then the attending impact on the real value added was examined. Estimates were simulated based on data published as part of the 2004 annual revision to the annual industry accounts.

* Consists of computer and electronic products; publishing industries (includes software); information and data processing services; and computer systems design and related services.

